EUROPEAN CENTRAL BANK

EUROSYSTEM

ERPB Fit in the Ecosystem Phase 2

Wednesday 4th March 2026

Digital euro project

Before delving in:

Quick recap of recent legislative developments of relevance for market stakeholders

EU Council's position on the digital euro Regulation

The Council of the European Union adopted its position on the digital euro on 19 December 2025. This marked a key milestone in the legislative process and is a strong statement of support from Member States for the main pillars of the digital euro as contained in the European Commission's proposal, i.e. legal tender status, offline and online use, mandatory distribution by banks, weighted average fee caps and free basic services for consumers

Key changes by the Council relating to banking sector demands

- **Compensation:** for a transitional period of at least five years, fee caps would be set at a level comparable to the average fees for payments made with debit cards that can be used both at the point of sale and for e-commerce. As PSPs would not pay scheme fees for digital euro, it would generate ample fee revenue.
- **Open funding**: banks would not be obliged to provide funding/defunding services for a digital euro payment account that is not held with them. Availability would depend on bilateral contracts, which could include compensation.
- **Cash services:** cash conversion would only be obligatory to provide for PSPs that provide cash services for comparable means of payment and only need to be provided in the same manner as the PSP provides them for comparable means of payment. This allows for a reasonable fee to be charged for cash conversions and an inter-PSP fee to align with current business models.
- **Multiple accounts and joint accounts:** PSPs would provide this to consumers on a voluntary basis.
- **User interfaces**: increases prominence of banks' interfaces for accessing the digital euro.
- **Access to mobile devices**: introduces more stringent rules for phone manufacturers to give PSPs access to the software and hardware in mobile devices for providing (offline) digital euro.

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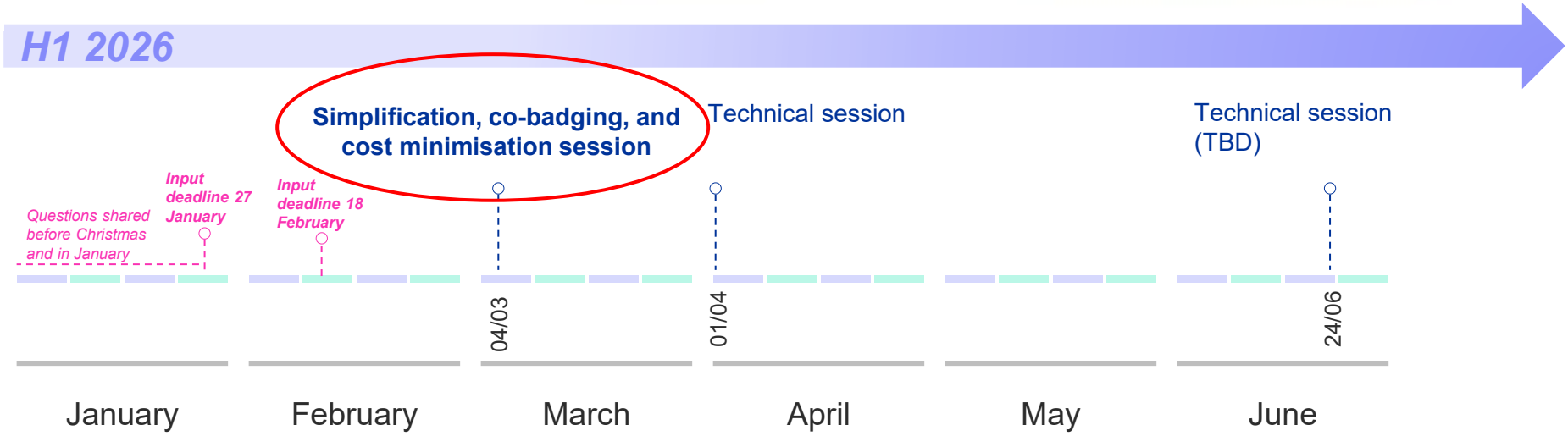
Housekeeping

Reminder: High-level timeline and where we stand

Fit in the ecosystem work, Phase 2



- **Today: Feedback Session on Simplification, Co-badging, and Cost Minimisation**
- **ECPA as guest presenter for co-badging**

Agenda for today's feedback session

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Summary of feedback: Simplification

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(1/2) Proposed simplification measures

Selected themes from feedback	*Stated rationale and benefits*
Avoid separate parallel infrastructures and duplication	*[Intermediaries] Using existing, widely accepted industry standards **reduces interoperability issues**.* *[Intermediaries] Duplication could **compete with existing** private payment **infrastructures instead of complementing** them.*
Reuse existing rails, standards, and processes	
Prioritisation and sequencing of implementation / phased rollout	*[Intermediaries] **Significant simplification enabled** by sharply reducing functional scope, form factors, technologies, use cases, and user journeys.* *[Intermediaries] **Avoiding new physical infrastructure** (ATMs, branches, cash handling, logistics) significantly **reduces cap-ex and op-ex.***
Reduce scope/use cases to the minimum	
No mandatory ECB app support	*[Intermediaries] Allowing PSPs to choose ECB or own app integration **avoids duplicate front-end builds***

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(2/2) Proposed simplification measures

Selected themes from feedback	*Stated rationale and benefits*
Use existing and widely accepted industry standards, and promote open standards	*[Intermediaries] Regulation should avoid creating parallel online and offline infrastructures alongside TIPS/SEPA/TARGET2; instead it should reuse existing infrastructures, open POS standards, and assets* ***to avoid duplication and sunk costs.***
Reducing range of free services and form factors	*[Intermediaries] This should be done to limit regulatory intrusion, prevent market distortion, and preserve innovation, differentiation, and cost efficiency.* *[Merchants]* ***Cash conversion should not be a basic service****. Conditional payments should be enabled by the infrastructure but left to the private sector to offer.*
Removal of open funding	*[Intermediaries]* ***Use a single PSP per wallet model to reduce complexity****.*
Adjustments to the compensation model and fee levels	*[Merchants]* ***Cut complexity*** *and costs by eliminating inter-PSP fees, and by setting a single (low) MSC cap.*

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Additional discussion questions on selected themes from Simplification feedback

Phased implementation

- ***How exactly would you prefer a staggered rollout to look? What would come first?***

Recycling of existing infrastructure

- ***Which exact systems and processes – that don't compromise on core aspects of digital euro, such as highest privacy – would you advocate for reuse?***

Digital euro as a service

- ***In what ways exactly would you envisage the use of external technical service providers as a means to enable simplification?***

Obstacles

- ***Which potential current or future obstacles do you see standing in the way of these simplification measures?***

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Summary of feedback: Co-badging

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(1/2) Co-badging: openness to it, and key features to be considered

Selected themes from feedback	Stated rationale and benefits
Not undercutting competitiveness of domestic solutions and card schemes	*[Intermediaries] Suitable compensation model is critical to protect the economics of domestic and regional EU schemes and to avoid configurations limited to "digital euro + international schemes" or one-size-fits-all models that could "cannibalise" regional card and mobile wallet schemes.* *[Intermediaries]* ***If co-badging with domestic schemes is not as attractive as international schemes, risks undermining national schemes.***
Co-badging to be voluntary	*[Intermediaries] Regulation should define application selection and co-/tri-badged cards, keep co-badging voluntary, and set national schemes as default, with users able to switch to digital euro. In markets with little co-badging,* ***making digital euro co-badging mandatory would be major structural change*** *with significant implications.*
Good user experience and preservation of consumer choice	*[Merchants] It's key* ***to retain ability to set a priority application selection that the consumer can override as per Interchange Fee Regulation****.* *[Intermediaries] Selection logic should be clarified, especially regarding default choice, user override options, and transparency at point of payment.*
Clear definitions of business and liability models, roles, responsibilities, fraud handling, and dispute processes	*[Intermediaries] Important* ***so that added complexity, risks, and costs stay manageable at each stage****. Shifting of operational and fraud responsibilities would create challenges.*

(2/2) Co-badging: Rulebook application, selection/business logic, and technical challenges

Selected themes from feedback	Stated rationale and benefits
Draft Rulebook offers some initial UX and branding groundwork for co-/tri-badging but needs further detail and alignment with existing card industry practice	*[Intermediaries] Elements should be aligned with **a phased MVP approach**, with multi-account-per-instrument setups postponed beyond the first phase.* *[Intermediaries] Rulebook only covers co-branding via brand rules and lacks specific business rules, meaning additional detail is required.*
Selection and business logic to be anchored in consumer choice/be user-driven	*[Merchants] For physical cards: merchants may set priority payment application, but **consumers must be able to override it in line with IFR Art. 8.6, with terminals supporting easy application change for both chip and contactless card** transactions.*
Digital euro to harmonise with existing legislation, especially Interchange Fee Regulation	*[Intermediaries] **Full compliance with IFR brand choice rules** important, including also for selection and business logic.*
Performance and capacity of cards (e.g. chip memory sufficiency) for co- and tri-badging	*[Intermediaries] Co- or tri-badging does not raise technical issues, provided the chip has sufficient performance to host required payment applications. Main **technical requirement is to implement up to date security measures** (e.g. quantum resistant cryptography) consistent with current payment card industry developments.*

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ECPA Presentation

Additional discussion questions on selected themes from Co-badging feedback

Selection logic and default settings

- ***How do you assess the setting of priority application selection on retailers' terminals, both for physical cards and mobile devices?***

Rulebook

- ***In a phased MVP rollout, which areas should the Rulebook (e.g. branding, routing, certification, roles, interoperability, processing, and dispute handling) prioritise first and how?***

Compatibility and convergence of standards

- ***How could alignment between existing card standards and digital euro standards best be facilitated?***

Best forum for follow-up work

- ***What are your preferences for the most suitable format in which to take-up co-badging follow-up work, and why?***

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Summary of feedback: Cost Minimisation

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(1/2) Cost Minimisation: Suggestions on simplifying digital euro

Selected themes from feedback	*Stated rationale and benefits*
Maximum re-use of existing infrastructure, systems, and processes. Removing mandatory provisions of joint accounts, multiple accounts, and free open funding.	*[Intermediaries] Avoiding new bespoke systems. Reusing existing payment rails and standards.* ***Minimising integration costs and operational complexity.*** *[Intermediaries] These listed additions can be considered high-cost features.*
Reduce mandatory use cases and technologies, e.g. mandate NFC or QR code only but not both.	*[Intermediaries]* ***Reduce scope of multiple proximity technologies*** *especially on initial launch.* *[Merchants] Retailers to choose between NFC / QR code.*
Starting first with offline-only OR with online-only; Limit initial scope to basic services.	*[Merchants]* ***Reassess necessity of online digital euro if offline digital euro can also support e-commerce****. Deferred authorisation (for cases where online authorisation unavailable) to avoid separate offline digital euro would help avoid confusion of users by forcing wallet choices for each payment.* *[Intermediaries]* ***Either basic offline-alone OR online-alone as initial primary functionality****.*

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(2/2) Cost Minimisation: Suggestions on reuse of existing external/internal systems, infrastructure, and processes

Selected themes from feedback	*Stated rationale and benefits*
Reduce complexity in architecture and allow for structural simplification.	*[Intermediaries] Remove need for mirroring accounts and **simplify balance sheet model / account management layers**. Do not require every PSP to maintain own digital euro liquidity infrastructure.*
Re-utilise existing approaches	*[Intermediaries] **Leverage existing AML/KYC/CFT and fraud systems. Reuse Existing Dispute Management** (SEPA-Style).*
Reuse of existing PoS terminals, acquirer connections for speedier merchant adoption.	*[Merchants] **Supporting existing payment interaction technologies** can better ensure seamless user experience at POI.*
Phased / staggered rollout approach strongly preferred	*[Intermediaries] Helps **spread out efforts and costs over time**. Separate mandatory/optional features; and prioritise them based on market gaps.* *[Merchants] **Launch with basic payment services (MVP) first**, while defining a framework for later expansion to additional services. Roll out **in-store and e-commerce before P2P.***

Additional discussion questions on selected themes from Cost Minimisation feedback

Reduction of use cases/technologies

- ***What would be your envisioned prioritisation for how to do the sequencing of implementation?***

Synergies

- ***What existing synergies have you already identified in your institutions with respect to the re-use both of internal and external systems?***

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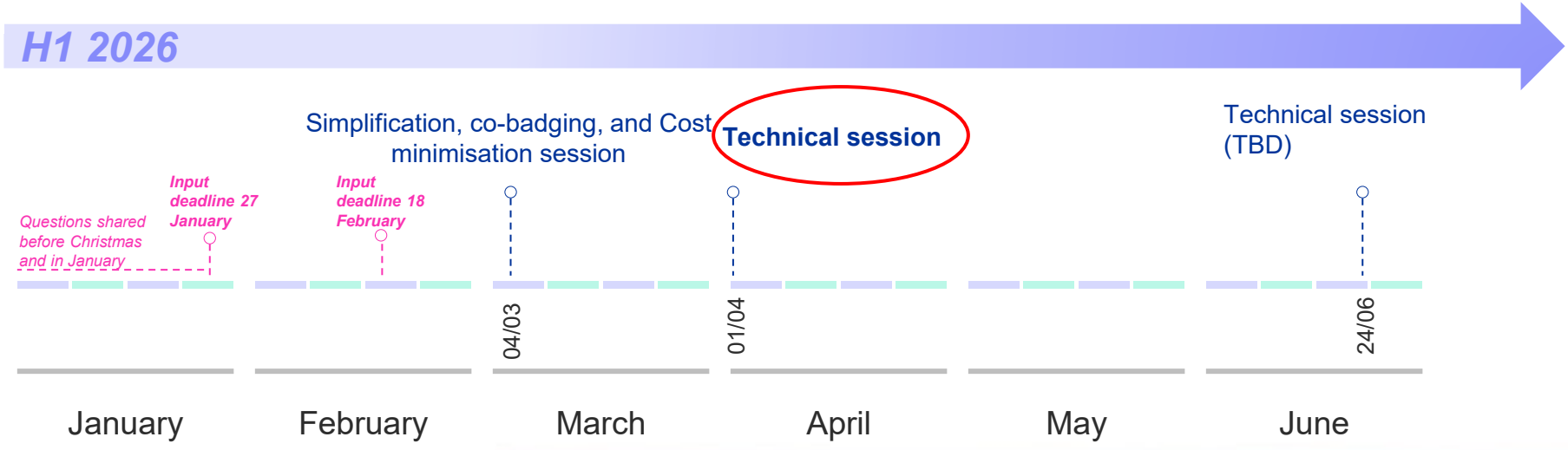
Next steps

ERPB Technical Sessions

- **1st April technical session** agenda to be determined within the next week, further to *inter alia* assessing the takeaways from today's meeting. You will be informed in due course.



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Thank you

You can reach us at
digitaleuro@ecb.europa.eu

Additional supporting materials:

- Progress on the preparation phase of a digital euro – closing report
- Updated digital euro FAQ
- Webpage: Digital euro and privacy
- ECB opinion on the EU Commission's digital euro legislative proposal
- Digital euro one-pager
- Digital euro LinkedIn page